

W. T. GRANT COMPANY
1000 W. WASHINGTON AVENUE
MINNEAPOLIS, MINN.

W. T. Grant Company Annual Report 1969



highlights

	1969	1968
Sales	\$1,210,918,068	\$1,096,152,113
Net earnings	\$ 41,809,300	\$ 38,183,213
Per common share	\$2.99	\$2.71
Average number of common shares outstanding	13,810,501	13,279,588
Dividends paid per preferred share	\$3.75	\$3.75
Dividends paid per common share	\$1.40	\$1.30
Total dividends paid	\$ 19,736,673	\$ 17,685,794
Earnings retained in the business	\$ 22,072,627	\$ 20,497,419
Depreciation and amortization	\$ 8,971,700	\$ 8,387,700
Capital expenditures	\$ 13,668,000	\$ 10,625,000
Employee compensation and benefits	\$ 271,650,884	\$ 242,011,797
Cents per sales dollar	22.4¢	22.1¢
Merchandise inventories	\$ 222,127,620	\$ 208,623,390
Working capital	\$ 255,930,845	\$ 261,311,350
Net fixed assets	\$ 55,310,732	\$ 49,930,619
Long term debt	\$ 35,402,000	\$ 43,251,000
Book value common stock—per share	\$20.07	\$19.21
Number of preferred stockholders	674	659
Number of common stockholders	19,101	17,958
Number of stores	1,095	1,092

THE STORE GROWTH PROGRAM/1965 THROUGH 1969

	Number of New Stores Opened	Number of Stores Enlarged	Capital Expenditures
1969	52	3	\$13,668,000
1968	41	11	10,625,000
1967	24	13	7,792,000
1966	51	11	14,856,000
1965	27	13	7,846,000
Totals	195	51	\$54,787,000

To Our Stockholders:

We are pleased to report, that for the eighth consecutive year, new records were established in both sales and earnings.

The year 1969 closed out the decade of the sixties in which many significant changes occurred within the Grant Company. The highlights of this decade of growth were:

- Sales more than doubled over the ten year period, increasing from \$513,000,000 to \$1,211,000,000.
- Profits increased fourfold, from \$9,200,000 to \$41,800,000.
- Dividends paid on common stock have more than doubled, going from 60¢ per share in 1960 to the \$1.40 per share paid in 1969.
- In 1969, an average of 63,000 employees received \$271,650,000 in compensation and benefits compared to 39,000 employees and compensation and benefits of \$102,700,000 during 1960.
- About seven out of every ten stores operating at the end of 1969 opened or were substantially enlarged during the last ten years. Over this same period 309 stores were closed due to inadequate size or because of changing retail sales patterns.
- The physical size of the average new Grant store has increased throughout the decade. The 52 new stores opened during 1969 averaged over three times as large as those opened during 1960.
- The typical Grant store in 1960 carried limited assortments, mainly in softline merchandise; the typical Grant store today is a general merchandise store carrying broad merchandise lines and services aimed at "one stop shopping".

FOR THE YEAR 1969:

SALES—For the year ended January 31, 1970 were \$1,210,918,068, an increase of \$114.8 million, 10.5% over the prior year's sales of \$1,096,152,113. Credit sales increased 12.8% and accounted for 24.6% of total Company sales.

NET EARNINGS—Consolidated net earnings for the year were \$41,809,300, equal to \$2.99 per share of common stock, compared to \$38,183,213 and \$2.71 per share in 1968.

The 1968 earnings per share have been restated to include the effect of the acquisition of Jones and Presnell Studios, Inc., on a pooling of interests basis, and to conform with the requirements of The American Institute of Certified Public Accountants Opinion 15 concerning earnings per share as explained in Note A of the Notes To Financial Statements.

DIVIDENDS—Dividends of \$1.40 per share were paid on common stock and \$3.75 per share on the preferred stock. In total, \$19,736,673 was paid in dividends during 1969.

On February 24, 1970, the Board of Directors increased the regular quarterly dividend on common stock to 37½ cents (\$1.50 per year) from the 35 cents per quarter (\$1.40 per year) paid during 1969. This is the third consecutive year the common dividend was increased and the fifth increase in the last six years.

The Company has earned a profit and paid a dividend in every year of its 63 year history.

FINANCIAL COMMENTS—Starting this year, in order to show a more accurate and meaningful picture of total Company activity, the financial statements are presented on a consolidated basis. The W. T. Grant Financial Corporation and Jones and Presnell Studios, Inc., wholly owned subsidiaries, and both integral parts of the Grant Company are consolidated. Zeller's Limited, our 50% owned Canadian subsidiary, will continue to be shown on a non-consolidated basis.

The Company's short term debt at year end was \$182,132,200. Of this amount \$180,097,200 was represented by short term commercial notes issued by the W. T. Grant Financial Corporation and backed by customer accounts receivable of the Grant Company. Year end bank loans were \$2,035,000.

PROGRESS

We at Grants define progress as that which helps us better serve the growing family of Grant shoppers.

Our dedication to improved performance converts today's achievement into tomorrow's challenge to do it even better—a challenge eagerly shared by our nationwide organization, whose spirit of growth and progress is blueprinted in the slogan: "NOT WHY IT CANNOT BE DONE—BUT HOW IT WILL BE DONE!"

In the following pages, we review just a few of the areas which have added measurably to Company performance in 1969, to keep our stores abreast of the American shoppers' changing needs and desires.

This is our 63rd year of progress in operating friendly family stores — known for values, coast to coast.

MERCHANDISING



Picture-pretty girls wear Grant coordinates



Eye-catching swimwear fashions

The Company has available \$252,325,000 of bank lines of credit extended by 84 banks throughout the country.

Merchandise inventories at year end totalled \$222,127,620 and were in good relationship to planned sales.

Long term debt, represented by the two classes of outstanding debentures, was reduced from \$43,251,000 last year to \$35,402,000.

During the year, the Company repurchased and cancelled 18,000 shares of the Cumulative Preferred Stock.

In addition, the Company purchased 250,000 shares of W. T. Grant common stock from The Grant Foundation and 246,664 shares from a trust created by Mr. William T. Grant. Both of these purchases were approved by stockholders and were acquired to meet the requirements of the Employees' Stock Purchase Plan and for other corporate purposes.

Reflecting the purchases of the above classes of company securities, working capital at the close of 1969 was \$255,930,845 compared to \$261,311,350 last year.

The percentage earned on net worth increased from 13.6% in 1968 to 14.4% in 1969.

At a special meeting on December 15, 1969, stockholders approved a new Employees' Stock Purchase Plan. This plan is a continuation of similar plans in effect since 1950 whereby Grant employees are offered the opportunity to purchase Company common stock at market prices on a deferred payment basis.

GROWTH PROGRAM—In 1969 the Company successfully completed its most ambitious capital program to date. Approximately four million square feet of new space were opened in 52 new stores and 3 enlargements. In addition, a new highly automated warehouse and distribution center was opened in Camarillo, California. Forty-nine smaller stores were closed during the year.

The 1970 store expansion program is already well under way with every expectation of our opening at least as many new stores as in 1969. Two new expanded Distribution Centers will replace existing facilities and a new Freight Consolidation and Fashion Distribution Center will also be opened during 1970.

PERSONNEL & ORGANIZATION—The Company employed an average of 63,000 people during the year.

The new store program provides constant growth opportunities for Grant employees. At year end a total of 1,814 people were in training for store management, buying or other executive positions.

Arthur G. Brill was elected Central Region Vice President replacing Philip J. Rodilosso who became Southern Region Vice President.

Herbert T. Wilkinson, Pittsburgh Region Vice President retired, after 40 years of service, under terms of the Employees Retirement Plan. John F. Crowley was elected to replace him.

Three Merchandise Group Vice Presidents were elected: Charles J. Seitz, Softwares Merchandise Group Vice President, Herbert Kaufman, Home Furnishings Merchandise Group Vice President; Orié Yonkers, Fashion Merchandise Group Vice President.

Robert A. Luckett was elected Vice President and Comptroller.

John J. LaPlante, Personnel Vice President was elected a Director of the Company.

It is with deep regret that the Company records the death of Mr. Howland S. Davis in July 1969. Mr. Davis served on the Board of Directors and as a valued financial advisor to the Company for 45 years.

ZELLER'S LIMITED—The Company's 50% owned Canadian affiliate, operating 119 stores similar to Grant stores, had record sales of \$157,562,134 in 1969, up 10.3% from last year. Earnings were \$6,823,134 compared to \$6,403,018 in 1968. The above amounts are in Canadian Dollars.

The Company is most grateful to its customers and suppliers for their support. We extend a welcome to new stockholders and appreciate the confidence of our continuing stockholders.

All connected with the Grant Company may well feel proud of the accomplishments of the last ten years. The loyalty and expertise of our employees, our financial strength and our commitment to an aggressive store expansion program make the Company well prepared to enter the 1970's confident that we will continue to advance and take advantage of every opportunity that the new decade offers.


Chairman of the Board


President

March 26, 1970

SETS THE PACE FOR **PROGRESS**

Today's exciting Grant stores are designed to satisfy practically every need of America's growing young family, whether for home furnishings, smart family apparel, outdoor living accessories or gear for fun-time activities. More than one hundred buying specialists account for the good taste and keen design of Grant merchandise. The products of our country's best known makers are displayed in abundance, spiced with the best from other world markets, all selected to please the boss of our particular marketplace—the value-conscious Grant shopper!



The high-fashion "Tunic Look"



Misses' mix-n-match separates



Men's smart fashions



Casual hits for boys

W. T. Grant Company
1969
financial
statements



W. T. Grant Company and consolidated subsidiaries

January 31,

ASSETS

CURRENT ASSETS

	1970	1969
Cash and short term securities	\$ 32,976,950	\$ 25,638,946
Accounts receivable:		
Customers' installment accounts	381,757,348	324,358,566
Less allowance for doubtful accounts	15,270,294	13,074,244
	366,487,054	311,284,322
Other accounts receivable, claims, etc.	6,832,306	5,883,063
Total accounts receivable, net	373,319,360	317,167,385
Merchandise inventories (including merchandise in transit)— at the lower of cost or market determined principally by the retail inventory method	222,127,620	208,623,390
TOTAL CURRENT ASSETS	628,423,930	551,429,721

OTHER ASSETS

Investment in Zeller's Limited, at equity—Note A	17,991,567	15,908,043
Cash surrender value of life insurance	2,702,560	2,672,600
Sundry receivables and deposits	741,568	465,344
TOTAL OTHER ASSETS	21,435,695	19,045,987

COMMON STOCK OF W. T. GRANT COMPANY

At cost, held for Deferred Contingent Compensation Plan (145,400 and 140,500 shares, respectively)—Note C	2,381,044	2,158,108
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STORE PROPERTIES, FIXTURES, AND IMPROVEMENTS— on the basis of cost

Buildings	545,995	538,726
Furniture & fixtures	89,433,668	84,075,954
Improvements to leased properties	9,433,564	11,039,904
	99,413,227	95,654,584
Less allowance for depreciation and amortization	44,912,336	45,940,075
	54,500,891	49,714,509
Land	809,841	216,110
TOTAL STORE PROPERTIES, FIXTURES, AND IMPROVEMENTS	55,310,732	49,930,619

PREPAID TAXES, RENTS AND INSURANCE, SUPPLIES, ETC.	4,713,829	3,960,892
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UNAMORTIZED DEBT EXPENSES	303,997	424,818
	\$712,569,227	\$626,950,145

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statement of financial position

January 31,

LIABILITIES, RESERVES, AND CAPITAL

CURRENT LIABILITIES

	1970	1969
Short-term notes payable	\$180,097,200	\$114,450,300
Bank loans	2,035,000	3,675,000
Accounts payable	76,627,537	69,162,049
Salaries, wages, and bonuses	15,043,683	13,438,215
Taxes withheld from employees compensation	2,562,850	2,684,273
Taxes other than federal income taxes	11,346,563	8,700,121
Current portion of long term debt	—	180,000
Federal income taxes—Note D:		
Current	9,569,918	16,980,888
Deferred taxes on installment sales	75,220,334	60,847,525
TOTAL CURRENT LIABILITIES	372,493,085	290,118,371

LONG TERM DEBT—Note E	35,402,000	43,251,000
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DEFERRED FEDERAL INCOME TAXES—Note D	8,286,401	7,940,968
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RESERVES

For self-insured risks and repainting stores	3,300,000	3,300,000
For deferred contingent compensation	2,399,242	2,219,454
TOTAL RESERVES	5,699,242	5,519,454

CAPITAL—Notes A and F:

Capital Stock:		
Cumulative Preferred—\$100 par value:		
Authorized 250,000 shares		
Issued 114,500 and 132,500 shares, respectively, of		
3¾% series	11,460,000	13,250,000
Common—\$1.25 par value:		
Authorized 22,500,000 shares		
Issued 14,306,640 and 13,854,220 shares, respectively	17,883,300	17,317,775
Capital in excess of par value of shares issued	70,224,570	58,661,960
Amounts paid by employees under purchase contracts		
for unissued common stock	1,330,474	1,283,958
Earnings retained for use in the business	211,679,286	189,606,659
	312,567,630	280,120,352
Less 432,764 shares of treasury common stock, at cost	21,879,131	—
TOTAL CAPITAL	290,688,499	280,120,352

LONG TERM LEASES AND CONTINGENT LIABILITY—Note G	\$712,569,227	\$626,950,145
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(See notes to financial statements.)

**W. T. Grant Company
and consolidated subsidiaries**

statement of operations

Year ended January 31,

	1970	1969*
SALES	\$1,210,918,068	\$1,096,152,113
Income from concessions	3,748,215	2,873,375
	<u>1,214,666,283</u>	<u>1,099,025,488</u>
Cost of merchandise sold, buying and occupancy costs	817,671,347	741,181,099
	<u>396,994,936</u>	<u>357,844,389</u>
Selling, general and administrative expenses	306,628,657	277,366,904
	<u>90,366,279</u>	<u>80,477,485</u>
ADD:		
Dividends from Zeller's Limited	1,249,168	1,165,932
Interest earned	805,734	704,398
Other income	809,063	657,376
	<u>2,863,965</u>	<u>2,527,706</u>
	<u>93,230,244</u>	<u>83,005,191</u>
DEDUCT:		
Interest expense	14,919,228	9,636,844
Other deductions	585,240	665,960
	<u>15,504,468</u>	<u>10,302,804</u>
EARNINGS BEFORE FEDERAL INCOME TAXES	<u>77,725,776</u>	<u>72,702,387</u>
PROVISION FOR FEDERAL INCOME TAXES—		
Notes A and D:		
Current	24,900,000	27,880,000
Deferred	13,100,000	8,400,000
	<u>38,000,000</u>	<u>36,280,000</u>
NET EARNINGS BEFORE CANADIAN SUBSIDIARY	<u>39,725,776</u>	<u>36,442,387</u>
INCREASE IN UNDISTRIBUTED EQUITY IN ZELLER'S LTD.	2,083,524	1,760,826
NET EARNINGS	<u>\$ 41,809,300</u>	<u>\$ 38,183,213</u>
PRIMARY EARNINGS PER SHARE	<u>\$2.99</u>	<u>\$2.71</u>

*Reclassified to conform with Jan. 31, 1970 presentation.
(See notes to financial statements.)

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

	Year ended January 31,	
	1970	1969
Balance at the beginning of the year	\$189,606,659	\$172,329,135
Net earnings for the year	41,809,300	38,183,213
	<u>231,415,959</u>	<u>210,512,348</u>
Deduct:		
Cash dividends:		
3¾% Cumulative Preferred Stock—Four quarterly dividends of 93¾¢ each per share	456,858	526,224
Common Stock—Four quarterly dividends of 35¢ and 32½¢ respectively, each per share	19,279,815	17,159,570
Total cash dividends	<u>19,736,673</u>	<u>17,685,794</u>
Excess of the cost of treasury stock issued over the net assets acquired from Jones and Presnell Studios, Inc.	—	3,219,895
Accumulated earnings retained for use in the business at the end of the year	<u>\$211,679,286</u>	<u>\$189,606,659</u>

STATEMENT OF CAPITAL IN EXCESS OF PAR VALUE OF SHARES ISSUED

	Year ended January 31,	
	1970	1969
Balance at the beginning of the year	\$ 58,661,960	\$ 36,345,291
Excess of proceeds over par value of 232,415 and 263,430 shares respectively, of Common Stock issued under the Employee's Stock Purchase Plan	4,988,060	4,890,911
Excess of the conversion price over par value of 220,005 and 638,177 shares respectively, of Common Stock issued for 4% Convertible Debentures	5,811,527	16,849,191
Excess of par value over the cost of 18,000 and 15,000 shares respectively, of 3¾% Cumulative Preferred Stock purchased and cancelled	<u>763,023</u>	<u>576,567</u>
Balance at the end of the year	<u>\$ 70,224,570</u>	<u>\$ 58,661,960</u>

statement of source and disposition of income

/ W. T. GRANT COMPANY and consolidated subsidiaries

(amounts in 000's)

(years which end January 31 of subsequent years)

WHERE FUNDS CAME FROM

	1969	1968	1967	1966	1965
SALES	\$1,210,918	\$1,096,152	\$979,458	\$920,797	\$839,715
LESS:					
Merchandise costs, supplies, outside services, etc.	792,294	720,075	651,761	618,945	567,393
Salaries, wages, and benefits	257,757	229,979	201,104	183,624	159,639
Social security taxes on payrolls	13,895	12,034	10,635	9,825	8,025
Rents to landlords less rentals on subleases	48,742	43,352	39,887	36,365	33,246
Federal, state and local taxes	48,532	45,902	36,378	34,019	34,168
Depreciation and amortization	8,972	8,388	8,203	7,524	6,868
NET INCOME, excluding increase in equity in Zeller's Limited	\$ 39,726	\$ 36,422	\$ 31,490	\$ 30,495	\$ 30,376
Add charges to income which involve no cash outlay:					
Depreciation and amortization	8,972	8,388	8,203	7,524	6,868
Net increase in reserves	180	231	130	374	378
Deferred Federal income tax	345	390	517	765	1,143
Sale of common stock to employees	5,278	5,432	4,113	2,695	3,431
Sale of debentures	—	—	—	—	35,000
Sale of land and buildings	—	523	59	30	—
TOTAL FUNDS PROVIDED	\$ 54,501	\$ 51,386	\$ 44,512	\$ 41,883	\$ 77,196

HOW FUNDS WERE USED

Dividends to stockholders	\$ 19,737	\$ 17,686	\$ 14,367	\$ 14,091	\$ 10,211
Investment in furniture and fixtures	13,576	10,450	7,500	14,113	7,561
Improvements to leased properties	175	176	263	477	416
Investment in land and buildings	601	—	—	667	31
Debenture sinking fund requirement	1,687	1,500	1,500	—	—
Purchase of treasury stock	21,879	3,665	—	—	—
Investment in Zeller's Limited	—	35	418	269	128
Purchase of preferred stock for cancellation	1,037	923	155	—	—
Purchase of common stock for deferred compensation plan	223	178	316	441	186
Increase in sundry accounts—net	967	801	30	579	598
Working capital increase (decrease)	(5,381)	15,972	19,963	11,246	58,065
TOTAL FUNDS USED	\$ 54,501	\$ 51,386	\$ 44,512	\$ 41,883	\$ 77,196

notes to financial statements JANUARY 31, 1970

Note A—The financial statements include the accounts of two wholly owned subsidiaries, W. T. Grant Financial Corporation and Jones & Presnell Studios, Inc.

The Company carries its investment in Zeller's Limited (a 50.3% owned Canadian Subsidiary, cost \$8,457,144) at equity and has included in net earnings its share of the increase in the undistributed equity of that company.

The financial statements for the year ended January 31, 1969 have been restated to conform with the principles of consolidation applied in the year ended January 31, 1970 and Jones & Presnell Studios, Inc. (acquired in July, 1969 in exchange for 80,000 shares of W. T. Grant Company common stock) has been included in the accounts of both years on a pooling of interest basis.

Note B—Primary earnings per share of common stock (equivalent to fully diluted) has been determined based upon the average number of shares outstanding during each year adjusted for the year ended January 31, 1969 to include the common share equivalents of the 4% Convertible Subordinated Debentures and shares contracted for under the Employees Stock Purchase Plan, and net income for that year has been adjusted to eliminate the related interest less applicable federal income taxes. For the year ended January 31, 1970 the effect of the common share equivalents were not material.

Note C—The amount charged to operations for the Deferred Contingent Compensation Plan for the year ended January 31, 1970 was \$675,000.

Note D—Gross profits on sales on the installment basis are reflected in the financial statements when the sales are made, whereas, for federal income tax purposes, such gross profits are reported as income as collections are received. The resulting difference between taxes accrued and taxes actually payable is included as "Deferred Taxes on Installment Sales".

At January 31, 1970, accumulated depreciation of approximately \$17,260,000 has been deducted for tax purposes in excess of the deduction (using the straight-line method) in the financial statements. The resulting difference is included in "Deferred Federal Income Taxes".

Investment credit totalling approximately \$893,000 has been deducted from the provision for federal income taxes for the year ended January 31, 1970.

Federal income tax returns of the Company have been examined and accepted by the Internal Revenue Service through January 31, 1963.

Note E—Long-term debt:

4 $\frac{1}{2}$ % Sinking Fund Debentures dated January 1, 1962 and due January 1, 1987 (annual sinking fund payments of \$1,500,000)	\$30,313,000
4% Convertible Subordinated Debentures dated June 1, 1965 and due June 1, 1990	5,089,000
	<u>\$35,402,000</u>

As of January 31, 1970, 181,750 shares of Common Stock of the Company were reserved for conversion of the 4% Convertible Subordinated Debentures at the rate of one share of Common Stock for each \$28 principal amount of debentures.

Note F—The 3 $\frac{1}{2}$ % Cumulative Preferred Stock is redeemable at the Company's option in whole or in part at \$100 per share.

At January 31, 1970, 753,245 shares of the Company's unissued Common Stock were reserved under the Employees' Stock Purchase Plans. Contracts for the sales of such shares, on a deferred payment basis, are made at approximate market prices at dates of contracts. Shares are issued after completion of payments. In addition to the shares reserved under these plans, the only other shares of Capital Stock reserved for options, warrants, conversions, and other rights are the 181,750 shares reserved for conversion of debentures and 145,400 shares of issued Common Stock held for the Deferred Contingent Compensation Plan.

The Company purchased 517,644 shares of its Common Stock; 4,900 were transferred to the Deferred Contingent Compensation Plan and 80,000 shares were used for the acquisition referred to in Note A.

Note G—At January 31, 1970, the Company was lessee of real property under 1,077 leases expiring subsequent to January 31, 1973, at aggregate minimum annual rentals of approximately \$46,673,105 (exclusive of taxes and other expenses payable under terms of certain of the leases). This amount includes approximately \$39,192,648 for minimum annual rentals under 869 leases which were on a percentage of sales basis with specified minimum annual rentals.

Note H—The Company has an Employees' Retirement Plan covering substantially all of its employees. The amount charged to operations for the year ended January 31, 1970 for this Plan was \$1,089,689. The Company funds pension costs accrued.

ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS
W. T. GRANT COMPANY
NEW YORK, N.Y.

We have examined the accompanying consolidated financial statements of the W. T. Grant Company and consolidated subsidiaries for the year ended January 31, 1970. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying consolidated statements of financial position, operations, earnings retained for use in the business, and of capital in excess of par value of shares issued

present fairly the consolidated financial position of the W. T. Grant Company and consolidated subsidiaries at January 31, 1970 and the consolidated results of their operations and changes in stockholders' equity for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year as restated in Note A of Notes to Financial Statements. It is also our opinion that the accompanying consolidated statement of source and disposition of funds of the W. T. Grant Company and consolidated subsidiaries for the year ended January 31, 1970 presents fairly the information shown therein.

March 25, 1970
New York, N.Y.

ERNST & ERNST

comparative statement of operations

(amounts in 000's) (years which end January 31 of subsequent years)

	1969	1968	1967	1966	1965
SALES	\$1,210,818	\$1,096,152	\$979,458	\$920,797	\$839,715
Income from concessions	3,748	2,873	2,786	2,250	1,614
	<u>\$1,214,566</u>	<u>\$1,099,025</u>	<u>\$982,244</u>	<u>\$923,047</u>	<u>\$841,329</u>
LESS:					
Cost of merchandise sold, and operating expenses	1,124,300	1,018,548	916,087	860,099	780,083
	<u>\$ 90,266</u>	<u>\$ 80,477</u>	<u>\$ 66,157</u>	<u>\$ 62,948</u>	<u>\$ 61,246</u>
ADD:					
Dividends, interest and other income	2,864	2,528	2,038	1,314	998
	<u>\$ 93,230</u>	<u>\$ 83,005</u>	<u>\$ 68,195</u>	<u>\$ 64,262</u>	<u>\$ 62,244</u>
DEDUCT:					
Interest expense	14,919	9,637	8,549	7,320	4,814
Other deductions	585	666	566	615	441
EARNINGS BEFORE FEDERAL INCOME TAXES	<u>\$ 77,726</u>	<u>\$ 72,702</u>	<u>\$ 59,080</u>	<u>\$ 56,327</u>	<u>\$ 56,989</u>
PROVISION FOR FEDERAL INCOME TAXES	38,000	36,280	27,590	25,832	26,613
NET EARNINGS BEFORE ZELLER'S LTD.	<u>\$ 39,726</u>	<u>\$ 36,422</u>	<u>\$ 31,490</u>	<u>\$ 30,495</u>	<u>\$ 30,376</u>
INCREASE IN UNDISTRIBUTED EQUITY IN SUB.	2,083	1,761	1,503	1,073	1,172
NET EARNINGS FOR THE YEAR	<u>\$ 41,809</u>	<u>\$ 38,183</u>	<u>\$ 32,993</u>	<u>\$ 31,568</u>	<u>\$ 31,548</u>

comparative statement of financial position

(amounts in 000's) (at January 31 of subsequent years)

	1969	1968	1967	1966	1965
ASSETS:					
Cash and short term securities	\$ 32,977	\$ 25,639	\$ 25,141	\$ 39,040	\$ 22,638
Accounts receivable—customers (net)	366,487	311,285	271,340	227,685	169,545
Accounts receivable—other	6,832	5,883	4,206	4,760	3,538
Merchandise inventories	222,128	208,623	183,721	174,631	151,365
TOTAL CURRENT ASSETS	<u>\$628,424</u>	<u>\$551,430</u>	<u>\$484,408</u>	<u>\$446,116</u>	<u>\$347,086</u>
Investment in Zeller's Ltd.—at equity	17,991	15,908	14,112	12,192	10,850
Properties, fixtures and improvements (net)	55,311	49,931	47,578	48,076	40,372
Sundry other assets	10,843	9,681	9,130	8,864	7,844
TOTAL ASSETS	<u>\$712,569</u>	<u>\$626,950</u>	<u>\$555,228</u>	<u>\$515,248</u>	<u>\$406,152</u>
LIABILITIES, RESERVES, AND CAPITAL:					
Notes payable	\$180,097	\$114,450	\$ 87,629	\$ 87,222	\$ 16,695
Bank loans	2,035	3,675	11,600	10,425	20,620
Accounts payable and accrued expenses	105,581	94,164	75,631	66,839	63,217
Federal income taxes	84,780	77,829	64,208	56,253	32,423
TOTAL CURRENT LIABILITIES	<u>\$372,493</u>	<u>\$290,118</u>	<u>\$239,068</u>	<u>\$220,739</u>	<u>\$132,955</u>
Long term debt	35,402	43,251	62,622	70,000	70,000
Deferred federal income taxes	8,287	7,941	7,551	7,034	6,269
Reserves	5,699	5,519	5,289	5,159	4,785
CAPITAL:					
Preferred stock	11,450	13,250	14,750	15,000	15,000
Common stock (net of treasury)	67,559	77,264	53,619	43,613	40,917
Earnings retained for use in the business	211,879	189,607	172,329	153,703	136,226
TOTAL LIABILITIES, RESERVES, AND CAPITAL	<u>\$712,569</u>	<u>\$626,950</u>	<u>\$555,228</u>	<u>\$515,248</u>	<u>\$406,152</u>

other items

	1969	1968	1967	1966	1965
Number of stores	1,095	1,092	1,086	1,104	1,088
Pre-tax earnings per sales dollar	6.4¢	6.6¢	6.0¢	6.1¢	6.8¢
Net earnings per share	\$2.99	\$2.71	\$2.39	\$2.30	\$2.39
Dividends per share	\$1.40	\$1.30	\$1.10	\$1.10	\$.80
Working capital—amounts in 000's	\$255,831	\$261,312	\$245,340	\$225,377	\$214,131
Net Worth—amounts in 000's	\$280,588	\$280,121	\$240,698	\$212,316	\$192,144
% earned on net worth	14.4	13.6	13.7	14.9	16.4

QUALITY CONTROL SETS THE PACE FOR PROGRESS

When nearly 60% of all merchandise sold in our stores bears Grants' own brand names, it is little wonder that strict quality control should be of such major importance in Grant merchandising! Our own staff specialists and independent laboratories test merchandise and materials under use and wear conditions, and spot-check random samples for adherence to buying specifications. Rigid Quality Control measures were continued in 1969 to carry on our 63-year policy guaranteeing satisfaction.



"Grant Master" tires quality-certified before shipment



Chemists test Grant paint for coverage and color fidelity



Grants' toweling quality-checked on the loom

DISTRIBUTION SETS THE PACE FOR PROGRESS

Each year's crop of new and bigger Grant stores creates a growing demand for larger and more efficient merchandise supply facilities. A giant forward step in our new distribution system was taken on October 1, 1969, with the opening of our 309,000 square foot Distribution Center in Camarillo, California. A highly automated facility, it is the prototype for similar Centers, even larger in size, presently under construction. We will continue to refine our efforts to save time and money in the efficient movement of merchandise from factory to Center to Store!



Conveyor belts relay incoming merchandise



Grants' own truck fleets speed shipments to stores



Automated conveyors move merchandise in vast Distribution Centers



Modern equipment speeds merchandise handling

SERVICE SETS THE PACE FOR PROGRESS

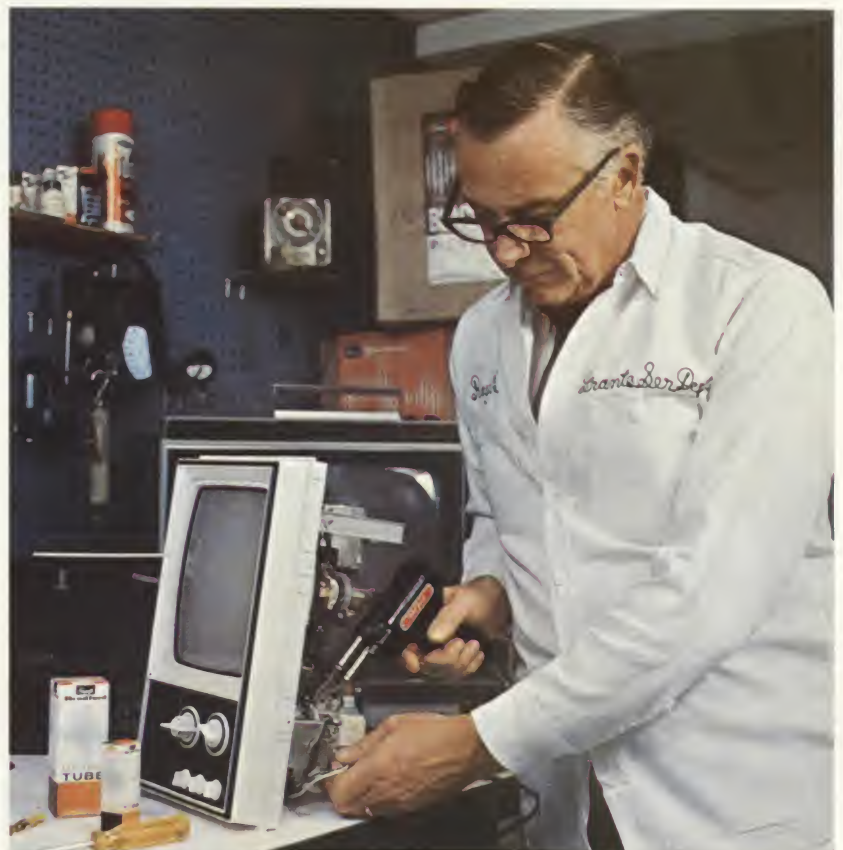
A natural outgrowth of the nationwide acceptance of Grant's "Bradford" appliance lines was the establishment of our network of "Bradford" Major Appliance Service Depots. Sixteen are now operating in areas of major concentration of our stores, and more are planned to open in the next several years. Serving as central receiving depots for major appliances, each is staffed by trained technicians who inspect and test appliances before delivery and installation. Speedy and efficient repair service is provided, and Regional central-parts pools assure availability of replacement parts.



Personalized installation for peak performance



Pre-tested appliances enroute for installation



Trained technicians assure dependable service

PEOPLE SET THE PACE FOR PROGRESS

The major asset of our Company is its people, loyal and dedicated to the service of our customers. Many of those who serve your needs in our stores, offices, and service organizations, are Grant Company shareholders, accounting in good measure for their dedication to the job. Approximately 1,800 young men and women are in training for Store Management and Buying careers. Other training programs are provided to improve employee performance on the job and help prepare our people for greater responsibility, in keeping with the policy of promotion from within.



Grants trains its own mechanics



Home Office conferences coordinate sales events



Distributive Education students learn while they work



Elizabeth Day—50 years serving Grant customers

W. T. Grant Company

EXECUTIVE AND BUYING OFFICES 1441 BROADWAY, NEW YORK, N.Y. 10018

WILLIAM T. GRANT *Honorary Chairman of the Board*

DIRECTORS

EDWARD STALEY

Chairman

JOHN G. BYLER

JOSEPH W. CHINN, JR.

JOHN G. CURTIN

HOWARD E. EADES

RAYMOND H. FOGLER

JOHN D. GRAY

THOMAS P. JERMAN

JAMES G. KENDRICK

PETER KILBURN

JOHN J. LaPLANTE

JOSEPH A. LIVOLSI

LOUIS C. LUSTENBERGER

RICHARD W. MAYER

CLARENCE J. MYERS

DeWITT PETERKIN, JR.

CHARLES F. PHILLIPS

HARRY E. PIERSON

REGINALD W. ROSEVEAR

ASA T. SPAULDING

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RICHARD W. MAYER

President

LOUIS C. LUSTENBERGER

Chairman of the Executive Committee

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JOHN G. CURTIN

Financial Vice President

HOWARD E. EADES

Administrative Vice President

JOHN J. LaPLANTE

Personnel Vice President

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Store Management Vice President

HARRY E. PIERSON

Store Expansion Vice President

ARTHUR G. BRIL

Central Region Vice President

JOHN F. CROWLEY

Pittsburgh Region Vice President

JOHN P. DANE, JR.

New England Region Vice President

HERBERT KAUFMAN

Home Furnishings Merchandise Vice President

JOSEPH C. KELLNER

Western Region Vice President

ROBERT A. LUCKETT

Vice President and Comptroller

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Eastern Region Vice President

PHILIP J. RODILOSSO

Southern Region Vice President

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Softwares Merchandise Vice President

ORIE YONKERS

Fashion Merchandise Vice President

EDMUND B. WOOD, JR.

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STANLEY E. ZIMMERMAN

Secretary and General Counsel

EVA M. FABREGAS

Assistant Comptroller

ROBERT J. KELLY

Assistant Secretary

ALLAN E. LOMEN

Assistant Comptroller

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